

SB 1349 - Real Estate Department Summary Sheet

Creates a Four-Year License renewal period for sales agents and brokers.

Background: This is Commissioner Wercinski's initiative designed to lessen the workload of the Department while increasing professionalism in the industry. After the original two-year license expires, licensees will renew for four years. The renewal fee will increase, but will not double. Education hours remain the same at 24 hours every 24 months.

Takes out restriction of license period being only two years.

Background: 32-2101(29) currently defines "license period" as ... "the two year period beginning with the date of original issue or renewal of a particular license." Statute (§ 32-2101(28)) defines a license as any permit, approval, certificate, or similar form of permission, AND not all Department-issued approvals are for a two-year period.

Require proof of certification evidencing completion of six hours of contract writing and law at the time of application.

Background: Licensees can get around this requirement under current statute by submitting their application as an inactive license, then requesting to be hired using the Online License Renewal System. Licensees who request to be hired in-office have to provide proof before the license is activated. The proposed legislative change would fix this inequity.

Allow entity licenses to run concurrently with the corporation, limited liability company, or partnership's designated broker license.

Background: Every entity must have a designated broker, and the designated broker is responsible for renewing both the designated broker's and the entity's licenses. Because they are not concurrent the brokers often fail to renew one or the other, believing that the renewal of one renews both. This results in unlicensed activity by the entity or the broker and all the sales agents employed by them. Changing the expiration date of the entity to be consistent with that of the designated broker would allow renewal of both at the same time, greatly reducing failure to renew issues.

Clarify that a professional corporation or professional limited liability company cannot act as an employing broker and employ salespersons.

Background: License applicants don't understand that they can't employ others if they are acting through a professional corporation or a professional limited liability corporation. Many license applicants have articles of incorporation or organization prepared and filed with the Arizona Corporation Commission, and then they find out they cannot employ others; clarification of statute will decrease this problem.

Require dissolved corporations, limited liability companies, and partnerships to inform the department within 10 days of being dissolved.

Background: Some entities continue to conduct business as an employing broker even when they have no legal standing. The Department has no way of tracking this at this time. The Department learns of the dissolution only at renewal when corporate standing is verified. If the entity has no legal standing, it should not be entitled to conduct business as an employing broker.

Allows Real Estate schools, instructors, and others to have a provisional license.

Background: Statute currently only allows the Department to do this for salespersons and brokers. Real Estate schools, instructors, and others do not have the option of retaining a license with limitations; the Department must either allow an unrestricted license or deny/revoke the existing license.

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Allow the Department to assess a civil penalty against any licensee, and adds that schools are responsible for reasonable supervision of those they employ who are licensed by the Department.

Background: Currently statute specifies the Department can assess a civil penalty against a salesperson or broker, and there are no means to assess civil penalties against other licensees.